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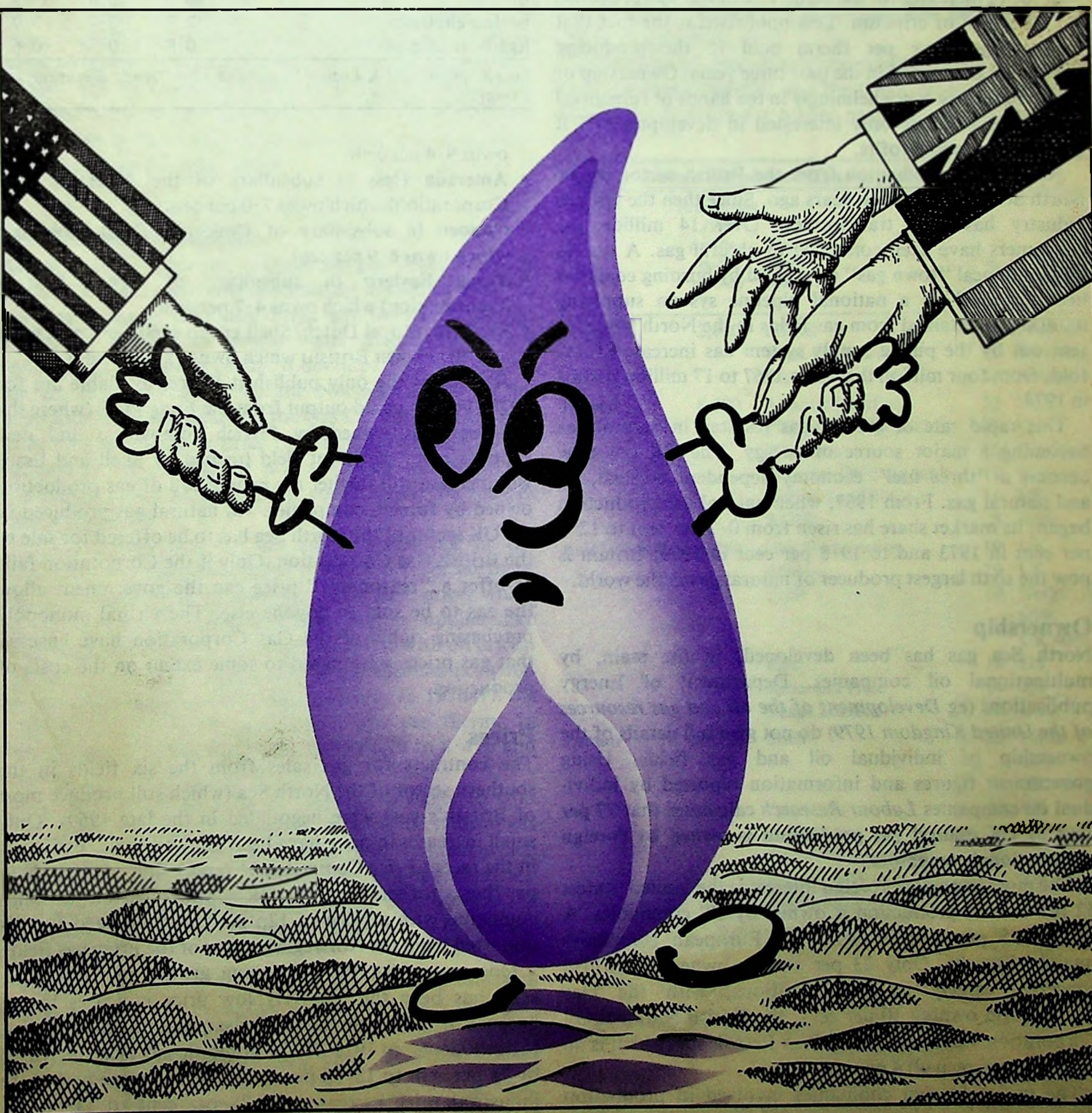


Ingram Pinn

Who owns North Sea gas?

Industry

Who owns North Sea gas?

Natural gas has become a major source of energy for the British economy. Production is dominated by American multinationals but the Gas Corporation retains important powers.

THE government's recent announcement of large gas price increases for domestic consumers has provoked a storm of criticism. Less publicised is the fact that the average price per therm paid to the producing companies has tripled in the past three years. Ownership of North Sea gas is overwhelmingly in the hands of foreign oil companies who are only interested in development if it brings substantial profits.

Natural gas production from the British sector of the North Sea began thirteen years ago. Since then the UK gas industry has been transformed. Over 14 million gas consumers have been converted to natural gas. A system based on local "town gas" (produced by burning coal) has been replaced by a national pipeline system supplying natural gas obtained from gas fields in the North Sea. Gas sent out by the public supply system has increased fourfold, from four million therms in 1967 to 17 million therms in 1979.

This rapid rate of growth has resulted in natural gas becoming a major source of energy. The UK has now become a "three fuel" economy dependent on coal, oil and natural gas. From 1967, when natural gas production began, its market share has risen from 0·7 per cent to 12·6 per cent in 1973 and to 19·8 per cent in 1979. Britain is now the sixth largest producer of natural gas in the world.

Table A Share of UK energy consumption

	1967 %	1973 %	1979 %
natural gas	0·7	12·6	19·8
coal	55·8	37·4	36·4
oil	40·0	46·8	39·3
nuclear electricity	2·7	2·7	3·9
hydro-electricity	0·8	0·5	0·6

Source: *Digest of UK Energy Statistics; Energy Trends*, Department of Energy

Ownership

North Sea gas has been developed, in the main, by multinational oil companies. Department of Energy publications (eg *Development of the oil and gas resources of the United Kingdom 1979*) do not give full details of the ownership of individual oil and gas fields. Using government figures and information reported by individual oil companies *Labour Research* calculates that **77 per cent of UK natural gas production is owned by foreign multinational companies.**

The most important foreign interest is the United States: 52 per cent of production is owned by US companies. A further 25 per cent is owned by European companies (mainly French). Only 23 per cent is owned by British concerns, largely state corporations, with the Gas Corporation owning 10 per cent, the British National Oil Corporation 7 per cent and British Petroleum (which is 46 per cent state-owned) 4 per cent.

The major foreign companies involved in production are:

- **Esso** (a subsidiary of the Exxon Corporation) which owns 12·7 per cent of North Sea gas production
- **Amoco** (a subsidiary of Standard Oil Indiana) which owns 9·4 per cent
- **Amerada Hess** (a subsidiary of the Amerada Hess Corporation) which owns 7·0 per cent
- **Conoco** (a subsidiary of Continental Oil Holdings) which owns 6·9 per cent
- **Texas Eastern** (a subsidiary of Texas Eastern Transmission) which owns 4·7 per cent
- **Shell** (the Royal Dutch/Shell group is 60 per cent Dutch and 40 per cent British) which owns 12·7 per cent.

At present the only published figures available are for 1978. The increased output from the Frigg Field (where the UK sector is owned by French companies) and new supplies from the Brent field (owned by Shell and Esso) will increase still further the proportion of gas production owned by foreign companies. All natural gas produced in the UK sector of the North Sea has to be offered for sale to the British Gas Corporation. Only if the Corporation fails to offer a "reasonable" price can the government allow the gas to be sold to anyone else. The virtual monopoly purchasing rights of the Gas Corporation have ensured that gas prices were based to some extent on the costs of production.

Prices

The contracts for gas sales from the six fields in the southern sector of the North Sea (which still produce most of Britain's gas) were negotiated in the late 1960s. Only small increases in price have been allowed since. Estimates in the recent *Price Commission*[1] report show a price of 3p per therm for gas from the UK southern sector gas fields compared with a price of 12p per therm charged for gas imported from the Norwegian sector of the Frigg gas field.

One reason for the continuing growth in natural gas sales has been the relatively low price increases in gas because of the development of cheap natural gas supplies. From 1966–67 to 1978–79 the domestic gas price increased by 74 per cent to 18·5p per therm. In the same period the industrial price increased by 78 per cent to 11·9p per therm. The general index of retail prices went up by 229

[1] *British Gas Corporation: Gas prices and allied charges* HMSO £3 (issued 18.7.79)

per cent in the twelve year period, industrial coal prices went up by 314 per cent and heavy fuel oil prices rose by 504 per cent.

With oil prices increasing six fold and coal prices increasing four fold it is not surprising that natural gas has become more and more popular. The relatively low gas price has been possible because of the substantial public sector controls over gas development.

State influence over oil production is less. Sales take place at *world* market prices. For most oil fields only half of production is sold to the British National Oil Corporation and one eighth of production can be taken for royalties. Because all sales are at ever-increasing world prices the producing companies make enormous profits which the government then taxes at a high rate.

Not surprisingly companies are reluctant to develop gas fields and prefer to search for the more profitable oil fields. If oil had been developed in the same way as natural gas (with all oil sold to a state corporation at a price related to the cost of production) the consumer would have benefited from lower oil prices. Also a more balanced exploration policy would have been possible with more emphasis on gas in recent years.

More expensive supplies

As production from the original six gas fields begins a gradual decline, additional supplies are needed to meet the growing demand. The new Frigg gas field (east of the Shetlands) is in much deeper water than the southern sector fields and more costly to develop. The majority of the gas (61 per cent) is on the Norwegian side of the boundary line. Consequently the Gas Corporation has had to agree a much higher price for Frigg gas because of the higher cost of production and the need to obtain the Norwegian sector output which could legally be sold to other customers.

As the proportion of gas sales originating in the southern sector declines, higher priced gas from northern waters increases. The original gas fields have prices which are only subject to limited increases. Newer supplies, like Frigg, have prices which will increase in line with oil prices. The growth in higher priced natural gas supplies is changing the Gas Corporation's cost structure. In 1976–77 the average cost of natural gas was 2·03p per therm. In 1977–78 this increased to 2·88p, in 1978–79 to 4·47p and in 1979–80 is forecast to be 6·11p.

The shift to more expensive supplies is likely to continue. The only large scale import of liquefied natural gas (from Algeria) is subject to a fifteen year contract which has almost ended. Prices are currently less than half the level paid by other countries for similar contracts. If the agreement is renewed, prices will be substantially increased.

Another potential source of natural gas is production associated with oil. A number of the North Sea oil fields produce gas as well as oil. The gas is then "flared" (burnt). However, flaring can only take place with the written consent of the Secretary of State for Energy. The government has become more hostile to flaring and recently refused permission for the Brent oil field off Shetland. A pipeline is being built to take natural gas from Brent to the mainland and similar arrangements may develop with other oil fields. In 1978 the amount of natural gas flared was equivalent to 12 per cent of UK natural gas production. For part of 1979 flaring may have reached 15 per cent of production. This is obviously an important potential source of additional gas supplies but the price would again be much higher than the southern sector fields because of the cost of building additional pipelines in the deeper northern waters.

State participation in exploration and production provides a potential counter to blackmail from the multinational oil companies. It would be possible for the Gas Corporation and BNOC to develop new fields themselves. A recent gas discovery in Morecombe Bay will be developed by the Gas Corporation which is the major participant in the consortium for the field. This is the only new gas field being developed at present and shows that the private sector is not prepared to search for new gas reserves at present price levels.

A substantial expansion of the existing 17 per cent direct state ownership (BNOC and the Gas Corporation) would reduce the pressure for higher payments for gas produc-

Table B United Kingdom offshore gasfields

Field	*Production 1978 (million cubic metres)*	*Major share-owners*	*%*	*nationality*
Frigg UK	2,650	Elf Oil	44	France
		Total Oil Marine	33	France
		Aquitaine Oil (UK)	22	France
Hewett	6,390	Atlantic Richfield	20	US
		Philips Petroleum Co	19	US
		Petrofina	16	Belgium
		Superior Oil Company	11	US
		British Sun Oil Co	11	US
		AGIP	8	Italy
Indefatigable	6,450	Gas Corporation	19	UK
		Amoco	19	US
		Shell	19	Neths 60% UK 40%
		Esso	19	US
		Amerada Hess	14	US
		Texas Eastern	10	US
Leman	14,720	Shell	25	Neths 60% UK 40%
		Esso	25	US
		Amoco	15	US
		Gas Corporation	15	UK
		Amerada Hess	11	US
		Texas Eastern	7	US
Rough	930	Gas Corporation	50	UK
		Amoco	22	US
		Amerada Hess	17	US
		Texas Eastern	11	US
Viking	5,240	Conoco	50	US
		British National Oil Corporation	50	UK
West Sole	1,530	British Petroleum	100	UK

Source: *Development of the oil and gas resources of the United Kingdom* 1979 (HMSO); Company reports, Price Commission Report: *Gas Prices and Allied Charges.*

tion. Increased state exploration would expand the available gas reserves and guarantee supplies into the next century.

Price increases

On January 16 the Secretary of State for Energy announced new financial targets and increased prices for gas. The Gas Corporation is to increase domestic prices by 10 per cent per year over and above the rate of inflation each year for the next three years. Thus in 1980 prices will rise by 29 per cent in two stages.

Whereas industrial gas prices have increased in relation to the market price of oil, domestic prices have been held back. According to the *Price Commission* report "in 1979-80 the domestic market is forecast only to break even and thus almost all the Gas Corporation's profit is forecast to come from the non-domestic market". However, increases of the size announced by the government will lead to still higher profits for the Gas Corporation.

Some of the advantages to the consumer of public ownership are lost if gas prices are forced up to restore a relationship with world oil prices. Some increase was clearly necessary as new, higher priced, sources of gas are developed, but the actual rates announced are above the levels requested by the Gas Corporation. The weakness of the new pricing policy is that UK energy prices are being determined by world oil prices instead of the long run UK cost of production.

Price increases are also seen as a way of reducing the growth in natural gas consumption and so extending the life of limited gas reserves. Official estimates of the quantity of UK recoverable gas reserves are imprecise. At present production levels, gas could be supplied for between 18 and 53 years depending on assumptions about future supplies..Of course demand is increasing but much of the increase may be met by imported Norwegian gas. The Department of Energy (*Energy Projections* 1979) suggests that gas sales will begin to be affected by limited supplies in the 1990s. This would depend on the Gas Corporation's success or failure in developing new supplies.

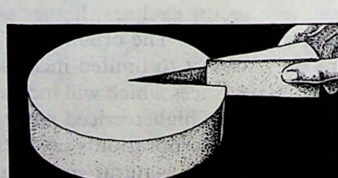
If existing gas discoveries were developed, full use made of gas produced from oil fields and a vigorous exploration programme carried out, then gas supplies would be adequate until the next century. Even with the higher prices being agreed for new gas supplies the multinational oil companies will continue to be more interested in oil discoveries because of the higher profits. North Sea gas needs a much greater public sector share in new developments, with BNOC and the Gas Corporation taking responsibility for most of the work.

Even with more exploration and development natural gas will always be in limited supply, less than oil and far less than coal. Consequently it should be used for the premium market (domestic space heating, water heating, cooking, some small scale industrial usage). Major industrial supplies should be restricted.

The structure of the gas industry has considerable advantages when compared with the oil industry. Monopoly purchase rights for the Gas Corporation have helped to keep prices down. Even so the multinational firms that dominate production and exploration still exert a pressure for higher prices. Without greater state participation the gas industry will be forced to concede.

The lack of a national energy policy means that gas remains one of a number of competing fuels with the development of the industry strongly influenced by changes in world oil prices and the plans of the oil companies. The long-term future of the industry would be guaranteed if its growth was planned in co-operation with the coal, oil and nuclear power industries. There is little chance of the present government deciding on such a policy.

Fair shares?



"'til the end of March—Harrod's special MINK prices! Grosvenor Canada coats £2,695; jackets £1,595." (ad for Harrods in London *Evening Standard*)

Berkshire County Council has approved a by-law which would result in anyone found sleeping in a public library being fined £20. "We have a lot of trouble with people who come in from the cold and go to sleep in the reading rooms" a councillor said. (*Daily Telegraph* 25.2.80)

Court report

"A day at the races, a bottle of champagne and what he called 'youthful high spirits' added up to a £25 fine for David Maurice MacMillan, grandson of Mr Harold MacMillan, the former Prime Minister." He "admitted abusive and insulting behaviour at a point to point meeting when he shook up a bottle of champagne and sprayed it over cars and several people." (*Daily Telegraph* 26.2.80)

An unemployed woman who stole a purse containing 50p was jailed for eight months. (*Daily Telegraph* 28.2.80)

Company director John Silsbury was jailed for 18 months for a £260,000 fraud of his company's funds. (*Daily Telegraph* 27.2.80)

Judge Peter Greenwood was banned from a Chelmsford pub for owing £39·70. Three years ago bailiffs were called to his home after he failed to answer a £62 rate demand. The judge is paid £18,000 a year. (*Daily Mirror* 29.2.80)

Health and safety notes

Cuts hit HSE

The Health and Safety Executive has been subjected to a 6 per cent cut by the government at a time when its staff is already below the numbers planned for. HSE staff in February totalled 4,200, the number planned for 1980 was 4,500. Of the 4,200 total, roughly 1,400 were inspectorial grades and of these about 350 worked at headquarters and about 1,100 in the field. The numbers should have been 1,600, 400 and 1,200. How the 6 per cent cut will be achieved is still being discussed but it could mean 150 staff are lost. As the agricultural workers' journal *Landworker* comments, public expenditure changes mean it will be easier to kill foreigners but harder to keep British people alive.

Fork lift trucks

The long awaited HSE booklet, *Safety in working with lift trucks* is quite short (36pp) and costs £1. It is not a substitute for all the other material available, indeed it refers to the Road Transport Industry Training Board's booklet on selection and basic training of drivers and the various British Standards. However, all safety reps concerned with lift trucks should have this booklet, because it covers the whole field (not only training, operation and maintenance but eg layout of areas) and because the guidance is authoritative. It says, eg, that brakes should be tested before each shift and if they are not working efficiently the operator should not use the truck. It calls for a weekly check by an "authorised person" and a written report on this.

Seaman's safety at work

Slowly, slowly merchant seamen are being brought within the area where there are statutory requirements for protection against at least some of the hazards of work. The Health and Safety at Work Act applies within territorial waters but in practice even in port the safety of seamen is left to the Department of Trade, although HSE enforces the law as far as dock workers are concerned.

A Steering Committee on the Safety of Merchant Seamen at Work, on which the HSE and Department of Trade were represented, reported in 1978 and set out a long-term plan for legislation on safety (there was also a Working Group on the Occupational Safety of Fishermen which reported a bit later). So far the steering committee has produced four consultative documents, each with a set of draft regulations. These cover: *1* availability of the existing Code of Safe Working Practices; *2* shipboard access provided from the ship; *3* reporting of accidents, dangerous occurrences and a very short list of occupational illnesses; and *4* safety officers, safety representatives and safety committees. The latter bears the mark of the Merchant Shipping Acts. Masters must appoint a safety officer; officers and ratings of each department may appoint a safety rep either for the department or for the whole crew; masters may appoint a safety committee and must do so "if a safety representative who is appointed is not the safety officer".

The suggested form for reporting accidents is of the "tick the right box" variety (partly to make it acceptable to computers without further work—"essential in the current financial climate"). It seems very complicated, but a more important point is that it does not distinguish between serious and other accidents. This means that the resulting statistics will be a poor base for remedial measures.

Coal conversion hazards

The process of turning coal into gases, or direct into liquid fuel, from which much has been hoped, may involve considerable health hazards, the US National Institute of Occupational Safety and Health (NIOSH) has found. They have identified 32 substances which are potential cancer-producers, may affect the unborn or are just plain poisonous. These include nickel carbonyl, which can lead both to severe inflammation of the lung and to cancer of the lung and nasal sinuses, and beryllium (almost everything from allergic dermatitis to liver and kidney disease). The plants NIOSH studied were both small pilot units, operating only one week at a time so no long-term studies of the effect on workers of the substances concerned would have been possible. South Africa's sasol plant has been operating for 25 years but here too NIOSH found that no such studies had been done.

One of the main hazards in gasification is carbon monoxide but other chemicals which could cause fatalities included hydrogen cyanide and carbon disulphide. Direct liquefaction of coal is however thought to involve even greater risks than gasification (*New Scientist* 31.1.80).

Two guides to chemical hazards

The latest WEA booklet in the Studies for Trade Unionists series (*Fighting chemical hazards at work* by David Bennett, 50p) is in two parts. The first tries to answer the question 'what are chemicals?' which is ambitious with only 20 pages available but it does help the ignoramus to understand both the names and the formulae. The second part, on controlling chemical hazards, has some useful guidance on measuring equipment and the appendix some very useful references. The strong insistence that "all chemicals are likely to be dangerous", while a useful corrective to employers' fairy stories, however, does tend to lead to the conclusion that health protection is impossible.

Chemical health hazards, from the International Metalworkers' Federation, Geneva, is an extract from the training course for Swedish safety reps. It covers solvents, plastics, paints, lacquers and adhesives. It describes how the various substances enter the body, what they do to it, symptoms to watch for and, in some cases, precautions.

Employment: hours and jobs

Overtime—the British industrial disease

If overtime working were eliminated among manual workers in the public sector, and earnings levels were protected, 300,000 new jobs could be created for less than a fifth of Britain's net contribution to the Common Market.

OVERTIME working in Britain has been rising over the last three years despite official TUC discouragement. The incidence of overtime working is one of the highest in the EEC and the average length of the working week, as indicated in last month's *Labour Research,* is the second highest in the Common Market. At a time when the unemployment figures push through the million and a half mark a clear case can be made for job creation by a reduction of overtime working.

The Department of Employment's *New Earnings Survey* for 1979 shows the degree to which the British workforce relies on overtime payments; see Table A. British overtime hit a recent peak in 1973 and fell until 1976, but has climbed steadily upwards since. In most cases the percentage of workers receiving overtime has not reached the 1973 levels, but the differences are slight.

As Table A indicates, if overtime working were eliminated and the time spent on it redeployed, 1,300,000 new jobs could be created. This simplistic presentation, of course, takes no consideration of occupational and geographical mobility, or the short-term problems of redeployment; but the scale of overtime working is large enough for serious consideration to be given to the job creation possibilities that it presents.

Table A Overtime and job loss

	Percentage working overtime	*Average no. hours overtime worked*	*Full time job equivalents*
Male manual	58·5	10·6	1,054,000
Male non-manual	20·3	7·2	160,000
Female manual	17·5	6·1	43,000
Female non-manual	10·3	4·0	37,000

Source: *New Earnings Survey* 1979 part A

Low pay and long hours

Much overtime is systematically worked to provide a reasonable income in the face of low basic wage rates. This tendency was observed by the 1970 report of the Prices and Incomes Board, when it commented "workers with lower hourly earnings are readier to work substantial overtime than those whose hourly earnings are higher", and it continues today. The *New Earnings Survey* for April 1979 list 56 major manual worker agreements in the public and private sectors. Table B shows the 10 agreement areas where most overtime is worked, and shows where each of those areas is in the earnings league. Half of the groups come in the bottom fifth of the wage rate league.

Table B The pay of long overtime working groups

	Average weekly overtime hours worked	*Average hours worked*	*Flat hourly wage rate p*	*Ranking of wage rate: 56 agreements*
Railway manual	14·4	54·4	154·8	52
Electrical contractors	13·8	52·9	221·4	9
Baking	13·3	53·5	154·1	56
Road transport	11·9	51·8	183·0	38
Civil engineering	11·5	51·5	207·8	19
Mechanical construction	11·5	51·1	299·9	2
Post Office manual	10·5	48·8	172·3	45
Bus workers	10·5	50·5	171·8	46
Electrical cable manufacturing	9·5	49·1	207·8	19
Yorkshire wollen workers	9·4	49·4	154·8	52
Average	6·3	46·2	197·5	

Source: *New Earnings Survey* 1979, part A, *Time Rates of Wages & Hours of Work,* April 1979.

The prevalence of overtime working among the lowest paid is best shown in the public sector. Using the Department of Employment's *Time, Rates of wages and Hours of Work,* April 1979 and the *New Earnings Survey* we calculate that overtime worked by manual railway staff, public road transport and bus workers, Post Office manual workers, National Health Service maintenance staff, ambulance drivers and local authority manual workers is the equivalent to 296,000 full time jobs. Even after excessive hours of overtime, seven of these eight groups still earned less than the national average gross weekly pay (£93) last year. Overtime for these groups is clearly being worked in order to provide a living wage.

If these groups of workers were paid their current gross pay (including all overtime) for a standard forty hour week and disincentives to overtime working were introduced (see below), 300,000 new jobs could be created in the public sector. The standard employers' answer to such a statement would be that costs would inevitably be increased by the amount paid to the additional workers.

Creating public sector jobs

This argument has less force in the public sector as the increase in wage payments would be offset by reduced demands on state benefits and by increased tax contributions of those gaining jobs by this process.

Economists B Rowthorn and T Ward have estimated that:

"On average each job gained in the economy through expanding income and expenditure gives rise, directly and indirectly to an estimated increase in tax revenue (including National Insurance contributions) of almost £3,100 a year (at 1978 prices and tax rates), while unemployment and other benefits could be expected

to fall by around £1,050 a year (at 1978 benefit rates)" (*Cambridge Journal of Economics* December 1979).

If the annual saving of this job creation is £4,150 per job and the average earnings of the 296,000 workers were £93 a week (the national average), the net cost to the exchequer would be £200 million—or less than a fifth of Britain's current contribution to the Common Market. That £200 million would mean that 1,715,000 could be paid average wages for working civilised hours in the public sector and that unemployment would fall by 300,000; instead of 1,420,000 people working excessively long hours while there are one and a half million people unemployed.

Using our previous figures of overtime hours worked by male and female manual workers, such a cut in overtime would produce about a quarter of a million jobs currently performed by men (and so affecting about a quarter of the male unemployed), but only about 10,000 jobs in areas currently performed by women. This would be a drop in the ocean of almost 450,000 women currently registered as unemployed. Structurally then, overtime reductions in the public sector could greatly improve unemployment figures for manual male workers but would have a negligible affect on unemployed women unless there was a dramatic challenge to current practices of sexual division of labour.

Overtime restrictions

Once a reasonable basic wage rate is achieved, the need for excessive overtime working, from the employees' point of view, is minimised. A number of attempts have been made in both Britain and abroad to reduce overtime working, by introducing disincentives, or by arranging time off in lieu as an alternative to premium payment methods. Some of the systems could be extended, particularly in the public sector, in an effort to maximise job creation and minimise unemployment levels. A number of British collective agreements in recent years have sought to reduce overtime. These include the agreements at **Alcan Sheet Metal**, which limits staff overtime to 20 hours a month and **Tuckner Fasteners** where the limit is 30 hours in a four week period and in **general printing** the NGA has established a maximum of 24 hours in any fortnight. In **textile finishing** the maximum average working week in any eight week period is 51 hours.

A further tactic discouraging overtime has been employed increasingly in recent years; that is, to cut the hours of the working week, but not reduce the time at which overtime premium payments are made, so that the first hour or two of overtime is worked at a flat rate. Agreements here cover the **electrical contracting** industry, **heating and ventilating** engineers, **EMI Social Centre** staffs, the **plumbing** trade and **Tyneside Metro** transport authority.

Some recent agreements have included declarations of intent aimed at minimising overtime working. These cover **Post Office engineers** (1978), **J C Bamford Excavators**, the **electricity supply** industry and agreements of the GMWU shop stewards to preserve jobs at **ICI**.

Time off in lieu has been a common feature of many white collar, public sector agreements, particularly where flexi-time is being worked. There has been some extension of this in the private sector recently. The **British Printing Group, Associated Octel** and **CPC(UK)** of Trafford Park, Manchester all have agreements along these lines. The **National Union of Journalists** has given a lead here by insisting on time off in lieu and refusing to sanction premium payments where overtime cannot be avoided.

The European example

In many other European countries there are legislative maxima placed on overtime working and in others collective agreements reinforce the desire to minimise overtime working. While legislative intervention is not a step that would meet with universal approval in Britain, the voluntarily-entered, collective agreement principle is one which could certainly be extended in the United Kingdom. Restrictions come into four categories: an annual maximum; a weekly maximum; a daily maximum; and a combination of all three. In **Switzerland** and **Sweden** there is an annual limitation of 260 and 150 hours respectively. In **Holland** the maximum working week, including overtime, is 48 hours and no more than 20 hours overtime may be worked in any four week period. In **France** the absolute maximum working week is 50 hours and time worked should not exceed an average of 48 hours in any 12 week period.

Many countries, however, apply a combination of restrictions worked on a complex formula: arrangements along these lines operate in **Austria, Norway, Belgium, Ireland, Italy** and **Spain.** In **West Germany** the restrictions are two hours in a day, with a maximum of 30 days per year, based on a maximum working week of 48 hours; these legal limits are generally further reduced by collective agreements stating that overtime should only be worked where it is necessary or urgent. Employers in Europe have generally shown themselve to be hostile to overtime limitations and so most agreements have exemption clauses, but these generally cover only emergencies and can only be invoked with the prior agreement of both management and unions.

A recently developed initiative in Europe has been time off in lieu. Some collective agreements in **Denmark, Luxembourg** and the oil refining sector in **Italy** have compensation systems for overtime working exclusively based on time off in lieu. In **West Germany** some agreements combine time off clauses with premium payment systems for overtime. In **France,** since 1978 workers exceeding 42 hours per week must be given rest time equivalent to 20 per cent of overtime worked in addition to time and a quarter payments for those hours. The lieu time must be taken in whole days and the agreement covers the five million industrial workers in workplaces employing more than 10 people.

Clearly Britain has far to go before the disease of overtime working can be eradicated. A combination of reasonable basic wage rates and a systematic approach in collective agreements seem to be the essential prerequisites of this, and then job creation and reduced unemployment will follow.

Politics/Social

Local government—Whitehall meddles

Far from bringing more "freedoms" the Tory Local Government Bill seriously interferes with local democracy. It penalises areas in need, undermines direct labour organisations and introduces new dictatorial bodies in docklands.

"THE revised local government bill is a curate's egg of which the edible parts . . . can only be described as stinking." This was the comment of the normally staid *Local Government Chronicle* (1.2.80). The journal reflects the sense of outrage prevalent in local government circles. The Bill is meeting with furious opposition, not just from the labour movement but from all three Conservative-controlled local government bodies: the Associations of County Councils, the District Councils, and the Metropolitan Authorities. The reason is simple. Tory pretences that the Bill offers local authorities new freedom from Whitehall control cannot be sustained. On the contrary, it gives Whitehall far more powers to meddle than ever before, seriously weakens opportunities for independent action by democratically-elected councillors, and gives the Secretary of State (ie millionaire Heseltine) unprecedented powers to dictate.

The Bill is really several rolled into one. The government planned to take it first through the House of Lords—a most suitable place for such an undemocratic measure—but was deterred by the outcry, not least from its own supporters. Now a revised version has started its journey through the Commons. Slimmed down from its original 288 pages to 210, it is still a monster in more senses than one.

In brief it does the following:

• introduces new financial arrangements which will penalise authorities whose need is greatest and gives the Secretary of State punitive powers against authorities who misbehave.

• undermines local authority direct labour organisations and gives the Secretary of State power to abolish them if they don't conform.

• arranges for "quangos" appointed by the Secretary of State to usurp the powers of elected local authorities in urban areas eg docklands.

• enables the Secretary of State to *order* local authorities to sell off land they own.

The much publicised "freedoms" accorded to local authorities in the Bill relate mainly to peripheral matters such as the freedom to charge for the hire of pleasure boats, and (symbolically?) to do what they think fit about crematoria. More dubious are the "freedoms" to abandon Parker-Morris standards when building council houses (though at present rates of output it won't affect many) and the "freedom" to sell off allotment land to property developers.

More control from Whitehall

It is the financial clauses that have aroused the most opposition. Local government expenditure is financed through a combination of local rates and exchequer grants. Every year a local authority takes into account the amount of government grant it can expect and fixes its local rate so as to make up the difference between its anticipated expenditure and the grant it will receive. Clauses 29-31 threaten the historic right of local councillors to levy the rate they think fit. They give the Secretary of State power to *cut* the grant to any authority which levies a rate higher than a "notional uniform rate". Local authorities who have fixed their rate this spring may well find themselves penalised in the autumn when the Bill becomes law.

In the longer run, the Bill provides for a new system of allocating the main Exchequer grant, the Rate Support Grant. At present this Grant is distributed among local authorities according to a formula involving "needs" and "resources". It is this formula which is to be scrapped in favour of a new "block" or "unitary" grant which, it is clear, will not be allocated on the basis of needs so much as on the basis of what the government thinks a local authority should be spending. As Heseltine made clear in the Second Reading (5 February) his object is to discourage what he terms the "high spenders". These are nearly all Labour-controlled authorities who try to give their electors the level of service they want. Some of them are in areas of severe deprivation. But meanwhile the majority of local councils—including "low-spenders"—are utterly opposed to the new system, which they see as giving Whitehall far more powers of interference than before.

The spokesman for the Association of Metropolitan Authorities said that the new block grant system was likely to be unjust and inefficient. "It assumes that central government can assess how much each local authority needs to spend . . . We doubt Whitehall's ability to produce fair and efficient measures of needs".[1]. The chairman of the Association of District Councils said of the new unitary grants that the government would be "creating a complex new system which will generate even more work for civil servants"[1]. The Chairman of the Association of County Councils said that the new system "could equip future governments with tools to interfere in the detailed budgeting of individual local authorities"[1].

It is now possible to see what the Tories meant before the election when they promised *less* government and *less* interference from Whitehall and *less* bureacracy.

Direct labour under threat

The object of Part III of the Bill, which deals with local authority direct labour organisations, is clearly to channel

[1] *Local Government Chronicle* 7.12.79

work towards the private contractor. Some, though not all, DLOs at present undertake the new construction work. This Bill, as expected, obliges the authority to invite tenders from private contractors for such work. Most DLOs do this anyhow. The main new proposal is to extend the obligation to put work out to tender to maintenance work, including road maintenance.

The chief activity of DLOs has always been in the sphere of maintenance and repair. Now for the first time it is to be the subject of detailed scrutiny and accounting by Whitehall. Separate accounts must be kept, regular reports made. Where a prescribed rate of return on capital has not been achieved the Secretary of State can *order* the local authority concerned to close down its DLO altogether. Yet the very process of detailed estimating and accounting will enormously add to the cost. Labour MP Concannon reported at the Second Reading on 5 February that Nottinghamshire County Council is going to need an extra 30 staff at a cost of £130,000 a year to operate the new arrangements. Liberal MP David Alton poked fun at Clause 7(2) which says that a local authority cannot undertake functional work unless they have made a written estimate of its costs. What happens, he asked, if a council tenant rings up the DLO and reports a burst pipe and water gushing through the loft. Do they reply: "Sorry, Madam, you will have to wait until a form has been filled in and an estimate has been made"?

This part of the Bill is not just another way of limiting local government independence, it is also an attack on building workers. In comparison with the private contractor, DLOs are model employers. They have a permanent workforce; the private contractor employs casual labour. The DLOs provide training for apprentices, take their share of disabled employees, operate pension schemes and the rest. The record of the private contractor in these respects is abysmal. But it is to the private contractor that Heseltine wants the work to go.

New dictatorial powers

Part XVI of the Bill gives the Secretary of State power to set up urban development corporations (or "quangos"), remove democratic control of a large number of services and put them in the hands of his nominees. Heseltine has stated that this power is to be used in the derelict dockland areas of London and Liverpool. But there is nothing in the Bill which confines this power to docklands.

Ian Mikardo, MP, at the Second Reading, exposed the true meaning of this new power for London's docklands. Here a Docklands Joint Committee has been operating since 1974. Its strategic plan provides for 33,000 new jobs, 23,000 new dwellings and all the services that go with them. Though held up in many ways in the past by the government, the plan is well on schedule and has been gathering momentum at last. The setting up of a "quango" at this stage is nothing more than a spanner in the works; inevitably it will cause uncertainties and delays all over again. The chairman chosen by Heseltine is none other than Nigel Broackes, property tycoon, and known, according to Mikardo, as "the toughest asset stripper in the City."

Inevitably this Bill provides in Part IX for the repeal of the Community Land Act. But it does much worse than this. Part X gives the Secretary of State power to designate areas where he considers that land owned by public authorities is underused and can, in the last resort, *order* a local authority to put up such land for sale. George Foulkes, Labour MP for South Ayrshire, expressed his fears about this section pointing out that it is very important for a local authority to hold reserves of land so that when it gets the chance it can get on with its building programme, and put up the old people's home, or the school on the site reserved for it, instead of having to begin all the process of compulsory purchase. And he mentioned a case in Glasgow where the local authority sold the site of a hospital for £400,000; the developer who bought it has already sold *part* of it for £1½ million. "The Tories are keen to sell land off to private developers anxious to make a quick buck" he said[2].

But indeed that is what this Bill is all about. Freedom for private enterprise to enlarge its sphere; freedom for commercial interests to make money at the expense of the public sector. The much vaunted freedoms for locally elected representatives are a myth. As Labour MP Guy Barnett put it: "This is one of the biggest attacks made on the freedom and autonomy of local government that has taken place this century."[2]

[2] *Hansard* 5.2.80

Employment: law

The Employment Bill: back to Denning

Trade unions are being used as the whipping boys for the failure of the Tories' economic policies. Against the background of the steel strike, the government is rushing through legislation to remove trade union immunities.

THE press hysteria surrounding the steel strike and the picketing of independent steel producers has provided the Tories with a golden opportunity to introduce further legislation outlawing industrial action. After weeks of well-publicised Cabinet splits, and mounting pressure for repressive measures from Tory backbenchers, the Employment Secretary announced new proposals to limit so-called "secondary" industrial action.[1] These will be introduced as amendments to the Employment Bill, currently going through the committee stage in Parliament.

That Bill conspicuously avoided the issue of trade union immunities for industrial action; instead it concentrated on restricting the freedom to picket. However the new proposals strike at the heart of trade union immunities—Section 13 of the Trade Union and Labour Relations Act 1974. The section protects trade unions by providing immunity from civil proceedings for anyone who persuades workers to take industrial action which interferes with either commercial contracts or contracts of employment. In practice, this means that unions, union officials, and workers are free to persuade others to take industrial action as long as it is "in contemplation or furtherance of a trade dispute"; they are protected against civil court proceedings for any damages caused by the industrial action.

It is this S13 protection for industrial action that the Tories are determined to remove. Their legal attack on trade union immunities has two elements: first, new legal tests are being proposed for all industrial action. Any strike, etc which failed to meet specified criteria would be illegal. Second, the government intends to outlaw certain types of so-called "secondary" industrial action.

The Tory aim is, in Mrs Thatcher's words, to "take the law back to Denning". This refers to a number of recent Court of Appeal decisions where Lord Denning ruled that "secondary" industrial action did not qualify for S13 immunity because it was being taken against parties who were too "remote" from the original dispute; had little chance of succeeding, or was being taken to further political rather than industrial aims. Lord Denning's attempts to re-write S13 were all overturned by the House of Lords, which said that the only test was whether the union honestly believed that the industrial action would further its side of a trade dispute. In Lord Scarman's words:

"It would be a strange and embarrassing task for a judge to be called upon to review the tactics of a party to a trade dispute and to determine whether in the view of the Court the tactic employed was likely to further or advance that party's side of the dispute" (*The Times* 14.12.79).

New tests

In the face of the courts' reluctance to re-write the law, the Tories have undertaken to change it themselves. The first part of the proposed amendment, the "general tests" for industrial action, seeks to limit the scope of S13 by introducing new criteria on motives and effectiveness. In future, all industrial action would have to satisfy two tests before it qualified for legal immunity.

- it must be reasonably capable of furthering the trade dispute in question
- it must be taken predominantly in pursuit of that trade dispute and not principally for some extraneous motive.

Anyone who called for a strike or other industrial action which did not meet these criteria could risk being taken to court; employers and anyone else whose contracts were affected by the industrial action would be free to seek injunctions and damages.

By re-writing S13 in this manner, the Tories are not only taking the law back to Denning; they are taking it back to the 1971 Industrial Relations Act. Although the working papers describe these tests as "objective" the application of the law still depends on interpretation by the courts. Once again, the courts will be brought in to draw the line between "lawful" and "unlawful" industrial action. This time they would be required to judge the legality of strikes, etc on two counts.

First they would be called on to decide the main motive for a dispute. This raises not only the problem of how to determine whether a strike is "predominantly" in pursuit of a trade dispute, but also the problem of defining "extraneous motives". Already the expression "political strike" is being used to describe the industrial action taken by workers in private steel firms, yet distinction between "political" and "industrial" strikes is unclear.

Secondly, the courts would have to judge the effectiveness of union tactics, eg whether a strike is "reasonably capable" of furthering the union's side of a dispute. There are already grounds for doubting that the judiciary have either the knowledge of industrial relations or the political impartiality to be able to do this job fairly.

Sympathetic action restricted

The second part of the Tories' attack on trade union immunities is designed to prevent unions from taking sympathetic industrial action, or action against employers who are not "directly" involved in a dispute. The proposed amendment would withdraw S13 immunity from this type of so-called "secondary" industrial action. In

[1] *Hansard* 19.2.80

future industrial action which breaches commercial contracts will be protected by S13 only if it is taken:

- against the employer who is party to the dispute
- against those first suppliers or customers of the employer in dispute, who were not themselves in dispute, but who "regularly conduct a substantial part of their business" with the employer.

Thus, unions and workers could only take industrial action against an employer or his "first" customers or suppliers; action taken against other employers would be illegal, and anyone whose commercial contracts suffered as a result would have the right to claim damages from the person "inducing" the breach of contract.

These new restrictions on industrial action are clearly intended to reduce the strength and solidarity of workers who are in dispute. Under the new provisions, unions in dispute with one employer would not be able to call out their members at other companies unless the firms happened to be "first" suppliers or customers; nor could workers in one industry strike in support of claims by workers in another industry. And here again, the courts would be left to decide on the "remoteness" of industrial action; employers and unions will be faced with endless legal confusion over the definition of a "first" customer or supplier and whether the industrial action interfered with commercial contracts or contracts of employment.

The Tory proposals are not minor changes to existing legislation; nor are they limited to "secondary" industrial action. What is being proposed is no less than a major withdrawal of trade union immunities. The introduction of new, restrictive tests will affect unions' freedom to take industrial action in any dispute, regardless of the "remoteness" of the employer; the limitation of S13 immunities to industrial action against an employer and his primary customers or suppliers will severely restrict workers' ability to use this weapon effectively.

But the proposed amendment to the Employment Bill has even more serious implications for industrial relations. If these changes become law, it will mean that once again disputes between workers and employers will be taken out of the industrial arena and left to the courts to decide. The judiciary will become, as Lord Scarman phrased it "some sort of backseat driver in trade disputes".

And worse is still to come. The Employment Secretary has promised a Green Paper and further legislation on trade union immunities while Mrs Thatcher[2] has indicated that the Tories would consider legislation to make unions pay for strike damage from their funds.

[2] *Daily Telegraph* 26.2.80

"Free" enterprise v the unions

In last month's issue we looked at the Economic League. Here we examine two further examples of anti-union activity: in the building industry; and the organisation Aims.

THE Campaign Against Building Industry Nationalisation (CABIN), having no need to fear state ownership of the construction industry under the Thatcher government, wound itself up after the general election last year. Although it operated mainly as a propaganda body, its organisation indicates the type of co-operation which exists between employers in a notoriously anti-union industry.

It was formed by the National Federation of Building Trades Employers (NFBTE) and the Federation of Civil Engineering Contractors (FCEC) in November 1977. Both bodies seconded six full-time workers to the campaign, which cost at least £600,000. CABIN's chairman was Sir Maurice Laing, chairman of John Laing Ltd (and a director of the Bank of England) and committee members came from such well-known building firms as Wimpey, Taylor Woodrow and Mowlems[1].

It is perhaps not surprising that capitalists should combine in order to defeat any attempt at state ownership. But it has long been thought that building employers combine for another purpose; to defeat union organisation in their industry, through the use of the "blacklist".

Builders and blacklists

Because of the nature of the building industry there is a higher mobility between jobs, and employers, than exists in most other industries. Because jobs are of relatively short duration trade unionists need to organise their sites as rapidly and effectively as possible. This is what the employers fear: workers organising to demand the union rates and conditions for the job. Union members and activists in the industry know that they risk not being hired if management has a record of their activities. These blacklists could be drawn up and held by the building employers themselves and/or through the services of the Economic League.

Recent evidence of the building blacklist came to light in Glasgow just over a year ago.

Two UCATT members Eamonn Monaghan and Tommy Goldie started work at Frank Laffertys, Glasgow, handing their cards plus a company personal data form to the foreman: "twenty minutes later they were paid off as redundant".

"Four days later the two were given a blacklist with both their names on it by someone in management, who had been 'trusted' with the list but was now prepared to blow the whistle on the firm. Mr Monaghan was told that it was distributed by a Lafferty director" (*Morning Star* 18.12.78).

The two then got a job with another firm, Whatlings. Three hours after starting, Mr Goldie was sacked. When both men approached the site agent about the blacklist, the foreman said that Mr Monaghan was also on it and should also be sacked. Negotiations led to the two men being reinstated. A sympathetic member of management later leaked the blacklist to Mr Monaghan. It contained 67 names including two UCATT officials, three UCATT Scottish regional council members and eight UCATT branch officials, including five branch secretaries.

Recent developments in the National Federation of Building Trades Employers also cast a sinister light on possible developments of surveillance techniques in that industry. In 1972 (the year of the national building workers strike) the NFBTE set up a Construction Security Advisory section, CONSEC, "with Home Office support"[2]. This unit is staffed by former senior Scotland Yard officers and "covers all aspects of security—from general site security and tool and plant protection to internal fraud and industrial espionage . . . works in close co-operation with the police authorities and construction is the only industry to be covered by the unique information and retrieval service on stolen plant and mobile equipment available through the *Police National Computer*"[3].

The NFBTE do not disclose whether this service also runs to political information on their workforce. Although this may not be the case as yet, this computer does have the capacity to hold up to 40 million records and contains not only the vehicle owners index and criminal records but "intelligence". This term refers to more speculative information, such as political affiliations and activities.

Aims

Aims' major role is to propagandise for free enterprise. It was set up in 1942 as Aims of Industry, and is still registered by that name, although its public image moved to "Aims for freedom and enterprise" in 1975 and then to "AIMS—the free enterprise organisation" in 1978. Its stated purpose is "campaigning for freedom and free enterprise and against the extension of nationalisation and state control". It came to the fore after the war when it invented Mr Cube to campaign against sugar nationalisation and also fought against public ownership of the cement industry. Unlike the Economic League it operates almost exclusively in the public eye, using advertising and press campaigns. Its periods of greatest activity are when public ownership of industry becomes an issue. This is hardly likely under the Thatcher government and Aims has thus been relatively quiet since last May.

[1] See *Labour Research* February 1979 for further details of CABIN.

[2] *NFBTE's 100 year history*, published in 1978.

[3] *What's in a name?* NFBTE.

Although it claims to be "non-political" its anti-nationalisation stance obviously make it an enemy of the Labour Party. It spends most money at general election times. In the build-up to the 1974 elections it tried to raise half a million pounds in both February and October to fight the threat of a Labour government.

In addition to advertising, Aims also issues large numbers of glossy pamphlets—especially to the press. These attack not only public ownership but also such other objects of loathing as quangos and Tony Benn.

As a counter to May Day, Aims has attempted to launch "free enterprise day". This took place on July 2nd last year and the highpoint of this capitalist celebration was the presentation of the free enterprise award to Sir Maurice Laing for his work in CABIN.

Aims also held its first "freedom bookfair" last July, opened by *Times* editor William Rees-Mogg.

These jovial events apart, Aims also has a less pleasant aspect. There are "interlocking directorships" between its council and that of The Freedom Association (formerly NAFF). It has also been involved with Freedom Blue Cross. This international body met in Brighton in 1978 with participation from some major companies and the Institute for Study of Conflict and the Foreign Affairs Research Institute as well as Aims. "They announced that an international 'Freedom Blue Cross' should be set up to provide money for 'freedom activities'. The group said: 'companies pay a pitiful proportion of their profits to supporting freedom and free enterprise' " (*Guardian* 6.6.78).

The amount of company funds going to Aims whilst not pitiful is considerably less than it used to be. LRD recorded donations of £25,083 in 1978 compared to £47,156 in 1975. Or else fewer companies are disclosing these gifts as political donations. Table A lists the 10 companies admitting to giving £1,000 or more each.

Out of the total of 23 companies which we know support Aims, eight are in the top 50 industrial companies. Six are in the food and tobacco industry, otherwise no industrial sectors really predominate. Once again the figures we have fall far short of Aims' stated income: its receipts from members were £261,834 in 1978.

Table A Donations to AIMS

Company	*Donation (£)*	*Industry*	*Year to*
Ranks Hovis McDougall	5,500	Food	31.8.78
Cavenham	5,500	Food	31.3.79
Rank Organisation	2,500	Misc	31.10.79
Slough Estates	1,750	Property	31.12.78
BICC	1,500	Electrical engineering	31.12.78
Associated Engineering	1,000	Engineering	30.9.79
BAT Industries	1,000	Tobacco	30.9.78
Bridon	1,000	Engineering	31.12.78
Consolidated Goldfields	1,000	Finance	30.6.79
Hawker Siddeley Group	1,000	Engineering	31.12.78

Freedom's managers

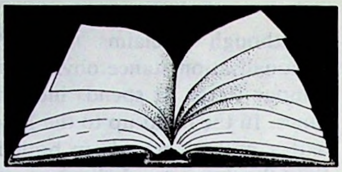
Aims is run by a Council of Management. Some of these managers also sit on the councils of the Economic League (Lawrence Orchard) or The Freedom Association (Sir Frank Taylor, Justin Kornberg, Sir John Foster, Michael Ivens).

President: **Sir John Reiss,** formerly chairman of Associated Portland Cement Manufacturers. *Chairman:* **John Lyle,** president Tate & Lyle. *Vice-presidents:* **Col B C Lockhart-Jervis; H G Starley,** chairman Starley Marine; **Sir Frank Taylor,** president Taylor Woodrow. *Scottish chairman:* **Adam Bergius,** director Allied Breweries, Wm Teacher & Sons, Scottish Opera.

Council members: **Tom Boardman,** former Tory industry minister, director, Steetley Co, National Westminster Bank; **J G Cluff,** director Cluff Oil, former Tory candidate; **R W Dean,** director Hanson Trust; **Sir John Foster,** chairman Authority Investments, British and American Film Press, Knowsley, former Tory MP; **W R B Foster,** director London Brick Co; **Ian Gilbert,** director Baker Perkins Holdings; **E J Gordon Henry,** chairman, Matthews Wrightson Holdings; **J P Hourston; Justin Kornberg,** managing director Lister & Co; **W E Luke,** chairman Lindustries, director Powell Duffryn and president UK-South Africa Trade Association; **G N Mobbs,** chairman Slough Estates, Charterhouse Group, director Barclays Bank Trust Co; **Lawrence Orchard,** director Berec Group; **Sir Neil Shields,** director Central & Sheerwood, Newton Chambers & Co, former Tory councillor; **Nora Tew,** director T-T Design Services; **B Trafford,** director Taylor Woodrow; **Thomas Tudor; M E Wates; Col W H Whitbread,** president Whitbread & Co; **H A Whitson,** chairman Melville Dundas & Whitson.

The director of Aims is **Michael Ivens,** former vice-president of the Junior Hospital Doctors Association and director of Standard Telephone.

Book notes



Membership participation in Swedish consumer co-operatives by Victor Pestoff (LCS Education Department, 129 Seven Sisters Road, London N7) 77pp £3·25 post free

Swedish trade unions and co-operatives are well known throughout the world. Yet Sweden has a parallel problem of maintaining membership participation in decision making as we have in Britain. Many more participate there, but apathy is growing. An examination of the factors affecting participation—not just in consumer co-operatives but in trade unions and other associations as well—is encompassed in this book, with positive suggestions on how the trend might be abated. This book is packed with information which is as useful to the British labour movement as it is to the Swedish. This is an area which is greatly under-researched, and a progressive approach is all the more welcome.

Britain's trade and exchange rate policy edited by Robin Major (Heinemann Educational Books) 230pp paper £5·50

The aim of the nine papers in this volume is to provide a basis for discussion of the policies which the UK should pursue for the control of its foreign trade and the exchange rate of the pound. Thus Professor Neild sets out the case for Britain to adopt a policy of protection by means of tariffs or import licencing, enabling the economy to expand, taxes to be cut and inflation reduced. These papers were given at a conference of professional economists, but a great deal can be understood by a layman and much valuable information and argument is provided, especially in the paper by Sheila Page on the extent to which international trade is already controlled.

The socialist register 1979 edited by Ralph Miliband and John Saville (Merlin Press) 335pp paper £3 cloth £6

The importance of the "social market" doctrine, which underlies the monetarist and other policies of Thatcherism, is not that it is against all state intervention but that it wants the state to intervene more strongly in some areas and less in others. This is one of the points made in the the important essay by Andrew Gamble, "The Free Economy and the Strong State", which opens this set of thirteen essays in the latest volume of the *Socialist register*. The other essays, dealing with a variety of major issues concerning Britain and the international labour movement, fully maintain the high standard of earlier volumes of the register.

Pamphlets

Abandoning social priorities by Alan Walker, Paul Ormerod and Larry Whitty (Child Poverty Action Group, 1 Macklin Street, London WC2B 5NH) 64pp 85p. The most thorough analysis yet made of the present government's public expenditure cuts which represent, in the authors' view, an unparalleled attack on the welfare state which could set the clock back to the 1930s. They revive the concept of the "social wage", and show that by the end of 1980 the cuts in social services will have a very serious effect on living standards, especially on those of poor families who are bearing the brunt of the government's ruthless economic strategy.

Co-operative development under Labour 1974–79 by Peter Clarke (Co-operative Party, 158 Buckingham Palace Road, London SW1W 9UB) 36pp 25p. Describes the measures taken by the Labour government to encourage the expansion of co-operative enterprise: the setting up of the Co-operative Development Agency; the passing of the Industrial Common Ownership Act 1976 and the Credit Unions Act 1979; as well as the help given to housing co-operatives. Though the amount of financial aid was limited, the variety of new initiatives taken in these years was impressive, reflecting a new interest in co-operative enterprise as a means of social ownership and control.

Defend the Leicester 87! (Leicester April 21st Defence Committee c/o 74 Highcross Street, Leicester) 15pp 20p + postage. On 21 April last year thousands gathered in Leicester to protest against a National Front march through the town. The police, more especially the Special Patrol Group, launched a violent attack on the protestors, resulting in 14 people going to hospital and 87 arrests. This pamphlet documents the events of the day, in words and photographs. It also reports the draconian sentences on those arrested—four imprisoned and fines of up to £750. As Peter Hain says in his introduction "how high a price is a democratic society prepared to pay to allow Nazis to march in the streets of one of our multi-racial cities?"

In brief

Bank profits soar

Aided by high interest rates, pre-tax profits of Lloyds Bank increased by 49 per cent last year to £276·6 million; there was a 90 per cent jump in its UK banking profits, and shareholders received a 38 per cent increase in dividends. National Westminster Bank recorded a 44 per cent rise to £441·5 million with its UK profits increasing by 67 per cent; shareholders are getting 31 per cent more in dividends.

Dividend upsurge

The end of dividend control in August last year resulted in a 41 per cent increase in the dividends paid to ordinary shareholders of industrial and commercial companies between the second and third quarters of 1979. The total payment in the third quarter was £1,042 million which was 70 per cent higher than it had been in the third quarter of 1978.

The Brandt Commission

The report of the Brandt Commission, *North-South: A Programme for Survival,* was published on 12 February and made drastic proposals for reconstructing relations between advanced capitalist countries and the developing nations. The Commission consisted of 18 leading figures from the North and the South, including Edward Heath. It warned of the danger of a collapse of the world financial system, insisted on the mutual dependence of North and South, and put forward a four point programme to avert disaster: a large-scale transfer of resources to developing countries; an international energy strategy; a global food programme; and a reform of the international monetary system. It also proposed an international tax on the arms trade.

Trade deficit with the EEC

The crude trade deficit in manufactured goods with the original six members of the EEC was £257 million in 1972, the year before we joined the EEC. It rose to £2,900 million in 1978 and increased again last year to £4,092 million. This contrasts with a surplus of £5,415 million with the rest of the world (*Hansard* 6.2.80).[1]

Cuts in public housing and manpower services

Housing has suffered very severely from public spending cuts since 1976. The number of new public dwellings started in 1979 in Great Britain was only 80,500, less than half the number started in 1976. It will fall still further this year as a result of the drastic cuts announced by Michael Heseltine, Environment Secretary, on February 21. The cash limit in 1980-81 for England will be £2,770 million, a reduction in real terms of about £755 million or 21 per cent. There will also be a cut of 20 per cent in council housing in Scotland.

The government has cut an additional £30 million a year from the Manpower Services Commission's budget from 1981. The Commission had already suffered a cut of £160 million from its £700 million budget for 1980-81. Its annual spending will be £200 million down by 1984, and it has also been told to cut its staff by 3,400. This is being done when unemployment is expected to rise to two million in the UK in 1981, according to a forecast by the Commission.

EEC fibre curbs inadequate

The British government cannot impose quotas or other curbs on imports without the consent of the EEC Commission (so long as it abides by the rules of the Rome Treaty). The government asked the Commission to authorise quotas on low-priced imports of polyester filament, nylon carpet yarn and synthetic fibre carpets which had risen very sharply, especially from the US. The Commission agreed only to quotas on the first two of the three products and fixed the quotas much higher than expected. Britain's textile industry has criticised them as utterly inadequate (*Financial Times* 19.2.80).

Stagnation in 1979

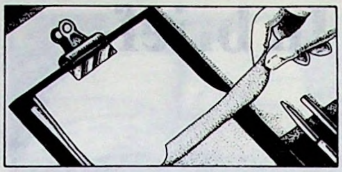
The size of the national output (gross national product) in 1979 was much the same as in the second half of 1978, apart from a rise of some 24 per cent in the output of North Sea oil and gas. The output of manufacturing industry was still about 5 per cent below the peak reached in 1973. Capital expenditure in manufacturing industry was about the same as in 1978, and was just two per cent above the previous peak reached in 1970. In all the intervening years it was below that level, the worst year being 1976 when it was 20 per cent lower than in 1970.

Gloomy forecasts for 1980–81

The depressing effect of the government's monetarist squeeze on the economy was highlighted by forecasts published at the beginning of March by four different forecasting bodies—the National Institute, the London Business School, the Confederation of British Industry, and the Organisation for Economic Cooperation. They all expect national output to fall this year, with the OECD predicting a decline of 2 per cent and the National Institute 0·5 per cent. Price forecasts for 1980, compared with 1979, range from 15·8 per cent (National Institute) to 17·7 per cent (London Business School). Unemployment will rise by 300,000 to 400,000 by the fourth quarter of this year. Industrial profits are expected to fall very sharply.

[1] The crude trade deficit slightly exaggerates the true deficit because imports are valued cif (with insurance and freight added) whereas exports are fob (free on board).

Company file



General printing

NEW technology has revolutionised the printing industry and altered the demands for its products. Printing companies and workers have had to adapt to these changes: company finances have been strained by the need to replace equipment every five to ten years, much faster than ever before; jobs have altered and the degree of skill required in some has been reduced. The total level of employment in the industry has dropped 10 per cent from 220,000 in 1971 to 198,700 in 1979.

The market

The level of demand for printed goods is closely tied to the general state of the economy and in particular to consumer spending. When the economy is in recession, as at present, there is less advertising and promotional material produced, consumers buy fewer goods, less packaging is then required and so on. Demand is expected to be stagnant in the early 1980s and the CBI have already reported "below normal" order books for many companies.

Printing exports have grown steadily. In 1970 they were 10 per cent of manufacturers' sales, and by 1979 had reached 14 per cent. Import penetration over the same period has only risen one point to 8 per cent of home demand. But a recent NEDO sector working party warns that certain parts of the market, such as books, mail-order catalogues and travel brochures, could be vulnerable to competition from abroad.

The companies

The table shows the latest financial results for the four largest print firms, and for six smaller companies. The majority of printing companies are very small; almost three quarters of them employ fewer than 10 people. They tend to specialise in jobbing work, giving many small customers a highly individual service.

Some of the companies covered here specialise in particular types of work. For example, De La Rue, is a security printer producing bank notes, cheques, credit cards, passports and postage stamps. McCorquodale, Bemrose, Williams Lea and Watmoughs also do some security printing. Deanson have nearly completed a large investment programme to provide continuous stationery for use by computers, which now accounts for 85 per cent of company sales.

Sales rose by an average 19 per cent for these ten companies compared with the previous year ranging from 5·3 per cent at Bemrose to 36 per cent at Cradley Printing. With the exception of De La Rue all the companies increased their pre-tax profits by at least 6·4 per cent. Four of the companies raised their profits by 30 per cent or more, Bemrose, Watmoughs, Ferry Pickering and Cradley Printing. Given the relatively small increase in sales at Bemrose, their rise in profits represents a very large increase in productivity. The loss at De La Rue is attributed to a ten week strike at its Gateshead plant, and does not detract from the strong position of the company in the industry.

Several of the companies have paid their shareholders very large increases in dividends over the previous year. Deanson have raised dividends by 55 per cent, Williams Lea by 54 per cent, and McCorquodale by 37 per cent. The highest paid directors in all these companies receive a great deal more than the employees. Taking average pay for employees, which covers all employees including part-time and senior management, the smallest differential is at Deanson, where the highest paid director gets £285 per week, a mere 3·2 times the average £89 paid to employees. At the other end of the scale the top director at De La Rue is on £677 per week, or 7·6 times the £89 that an employee can expect.

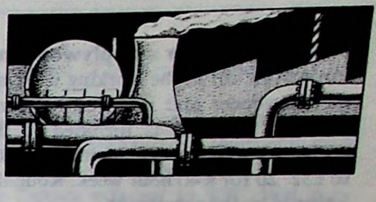
Two companies make political donations. Bemrose Corporation paid £1,250 to the Conservative Party, and De La Rue gave £1,000 to the Centre for Policy Studies and £10,000 to British United Industrialists.

Printing companies

Company	Performance					Wages			
	Latest year	Sales £m	% change on previous year	Pre-tax profit £m	% change on previous year	Total UK employees	Employees* average weekly pay £	Top director's weekly pay £
BPC	*Dec 78*	174·1	*+12·4*	7·1	*+23·7*	11,963	92	654
DE LA RUE	*Mar 79*	119·8	*+ 8.8*	26·6	*− 6·1*	6,007	89	677
McCORQUODALE	*Sept 79*	67·2	*+17·0*	4·6	*+12·4*	5,003	86	501
BEMROSE CORPORATION	*Dec 78*	42·0	*+ 5·3*	2·4	*+34·8*	3,073	78	539
RICHARD CLAY	*Dec 78*	11·3	*+20·6*	1·9	*+16·1*	1,077	81	313
WILLIAMS LEA GROUP	*Sept 79*	11·1	*+22·3*	0·9	*+24·1*	561	117	418
WATMOUGHS (HOLDINGS)	*Dec 78*	10·5	*+27·1*	1·1	*+35·0*	796	94	548
FERRY PICKERING GROUP	*June 79*	6·7	*+17·0*	1·3	*+37·2*	362	80	492
DEANSON (HOLDINGS)	*Sept 79*	4·8	*+28·9*	0·2	*+ 6·4*	222	89	285
CRADLEY PRINTING	*June 79*	2·0	*+36·0*	0·3	*+53·8*	164	77	376

***average for *all* employees (including part-time workers, senior management etc)**

Industrial notes



CBI floats strike fund offshore

The CBI's plan to launch a strike fund, which would compensate its members against the effects of strike action, will probably be in operation by the winter. It will be set up "offshore" "to escape the limitations of UK insurance legislation" (*Financial Times* 21.2.80).

Companies affected by a strike for seven working days would be able to claim compensation for 75 per cent of their overheads for up to 50 days of a dispute. Nationalised industries would be excluded from the scheme.

A scheme-member company would be covered in event of action by its own employees, or where action affecting a primary supplier or customer shut down or restricted production. Companies are expected to be able to claim for their own lockouts.

The scheme is due to be approved by the CBI council in the spring and would be introduced in the autumn.

Pay negotiations

Health service ancillaries settle

Quarter of a million NHS workers have accepted a pay offer by the management side of the Ancillary Staffs Whitley Council. Pay increases total 13 per cent and move the minimum rate from £47·28 a week to £53·07 and top rates from £61·82 to £69·81 as from 31 December last year. Further increases are due on 1 April—the second stage of the Clegg Commission's award. The new wage rates are given below with job examples. (Only the first seven out of 18 pay groups are listed: ie those that the majority of ancillaries are in).

Pay group		old rate £	rate from 13.12.79 £	Clegg rate from 1.4.80 £
1	catering assistant, cleaner	47·28	53·07	54·45
2	general labourer, porter	48·01	53·91	55·50
3	ward orderly	49·05	55·13	57·20
4	assistant cook, non HGV driver	50·43	56·77	59·62
5	storekeeper, HGV driver	51·84	58·44	62·06
6	cook	53·26	60·12	64·52
7	telephonist, shop manager	54·07	61·06	65·75

The agreement improves holiday entitlement to 19 days (from 16 days) after one year's service; 23 days (from 17) after five years' service; 24 days (from 18) after 10 years' service. Shift payments go up by 5·6p to 16p an hour (rotating shifts) and by 3·5p to 10p an hour (alternating shifts).

The "foul linen" allowance, which was felt by the Clegg Commission to be "unrealistically low", at 15p a day for laundryworkers and 7½p a day for ward orderlies, now rises by 25 per cent. Some other allowances—eg for care of patients, boiler scaling—go up by 100 per cent.

Improved offer to water workers

The trade union side of the water industry NJIC have recommended acceptance of an improved offer by the National Water Council (for details of previous offer see March *Labour Research*). The new offer is worth a total of 21·4 per cent on the basic rates of 39,000 manual workers. This consists of a 6·0 per cent comparability payment backdated to the December anniversary date, with an additional 13·2 per cent of the total of that amount and old basic rates payable on top. Under the previous offer the 6·0 per cent—resulting from a comparability study with other public utilities—would only have been backdated to this February. Adding it to old pay rates from last December increases the value of the 13·2 per cent rise; taking the total overall increase to 21·4 per cent.

Details of the pay offer given refer to basic rates, but water workers *also* receive a £5 a week "efficiency supplement" dating from the 1978 settlement.

Grade	old rate from 3.12.78 £	rate from 2.12.79 £
1	54·80	66·84
2	53·08	64·76
3	51·32	62·64
4	49·60	60·52

The employers have agreed to improve holiday entitlement to 18 days after a year's service, rising by a day per year of service to a 23 day limit. Entitlement was previously 16 days, rising to 17 after five year's service and 18 after 10 years.

As reported in the March *Labour Research*, the National Water Council have also agreed to a 39 hour week to start from 7 December this year.

39 hour offer to water service craftsmen

Following the offer to NJIC manual workers (above) the National Water Council has now offered a shorter working week to its 4,500 engineering and building trade craftsmen. The offer was made at negotiations on 29 February and has been accepted by the union side of the NJC. The 39 hour would operate from 7 December this year. Negotiations on wage rates and related areas were continuing as we went to press.

Shorter week for glass workers

A 39 hour week from October for manual workers in the flat glass industry has been agreed by the industry's NJC. The new agreement states: "Employers' representatives recognise that working hours are being reduced in certain industries and have agreed to negotiate during the next few months the conditions for a 39 hour basic working week to apply from 6 October 1980, providing there are no further reductions... before 1982."

The agreement covers 5,500 workers and increased the top pay rate to £80·52 and the minimum rate to £67·76 as from 4 February. Minimum holiday entitlement goes up from 19 to 20 days from 1 March. There is to be a joint review of the industry sick pay scheme.

39 hours in veneer and plywood industry

A one hour cut in the working week has been agreed by the NJIC for the veneer and plywood industry. It will be introduced in January 1981 but is included in the cost of this year's pay settlement. The settlement has lifted the industry's minimum rate to £52·20 for a 40 hour week. Roughly 2,000 manual workers are covered by the agreement.

University teachers get 16 per cent

The Association of University Teachers, representing 37,000 members, has accepted a 10 per cent pay increase backdated to 1 October last year; a 6 per cent increase on the revised scales from 1.4.80; a reference of academic staffs' pay to the Clegg Commission; and a second and final stage increase to be paid on 1.10.80, following the Clegg study—which will not now be completed before late summer.

	Current scales 1.10.79 £	Revised scales 1.10.79 £	New scales 1.4.80 £
Lecturer	4,333–8,992	4,766–9,891	5,052–10,484
Senior lecturer/ Reader	8,698–10,775	9,568–11,853	10,142–12,564
Professor: average	12,862	14,148	14,997

Retail Food Wages Council—new rates

The new Retail Food and Allied Trades Wages Council, covering about 500,000 workers, has proposed new minimum rates to take effect from 3.12.79 with further increases due from 2.6.80. Adult rates are now payable from the lower age of 20. From 1.4.80 all full-time workers will be entitled to three weeks two days holiday after one year and four weeks after five years.

Employers have until 18 April to make back payments.

New rates are given in the table below.

Provincial journalists accept 14½ per cent

The National Union of Journalists has accepted a pay offer of 14½ per cent from the Newspaper Society affecting 92,000 provincial journalists. The agreement, in operation from 1 January, gives senior journalists new money of between £12 and £16 a week.

	Qualified rate from 1.1.80 £
Group 1	82·50
Group 2	83·50
Group 3	84·50
Group 4	87·50
Group 5	89·50
London Weeklies	87·00
London Daily	90·00
London Head Office	97·50

Special help has been given to the lowest paid trainees who will now get a higher percentage of the qualified rate, ranging from 60 per cent for probationers aged 19 or less, to 75 per cent for probationers who are graduates.

Four week holiday for municipal busworkers

A settlement covering 21,000 municipal busworkers gives three extra days holiday, bringing a total of four weeks; time and a half for Saturday working; restores differentials for driver-only buses; increases basic rates by 13 per cent; and gives 12½ per cent shift pay. The total settlement is worth 20 per cent.

New basic rates and shift allowances are £51 plus £6·37 (conductors), £52 plus £6·50 (drivers), £62·40 plus £7·80 (single deck OMO), and £65 plus £8·13 (double deck OMO).

For maintenance staff in the three grades, the new rates plus

Retail Food Wages Council	Rate from 3.12.79 £ London	Rate from 3.12.79 £ Provinces 'A'	Rate from 3.12.79 £ Provinces 'B'	Rate from 2.6.80 £ London	Rate from 2.6.80 £ Provinces 'A'	Rate from 2.6.80 £ Provinces 'B'
Bread & flour, E & W						
Managers	51·75–54·75	51·45–54·45	50·90–53·90	54·75–57·57	54·45–57·45	53·90–56·90
Other indoor workers	48·70	48·50	47·90	51·70	51·50	50·90
Roundsworkers	51·50	51·10	50·50	54·50	54·10	53·50
Asst roundsworkers	50·50	50·10	49·50	53·50	53·10	52·50
Transport workers	52·70	52·50	51·90	55·70	55·50	54·90
Retail food, E & W						
Managers	50·15–54·45	49·75–54·05	49·05–53·35	53·15–57·45	52·75–57·05	52·05–56·35
Clerks, grade I	49·20	48·80	48·10	52·20	51·80	51·10
grade II	48·90	48·50	47·80	51·90	51·50	50·80
Others	48·60	48·20	47·50	51·60	51·20	50·50
Transport workers (under 1 ton)	48·90	48·50	47·80	51·90	51·50	50·80
Retail newsagency, tobacco & confectionery, E & W						
Managers	47·45–48·25	47·05–47·85	46·65–47·25	53·10–53·90	52·70–53·50	52·30–52·90
Clerks, grade I	46·65	46·25	45·65	52·30	51·90	51·30
grade II	46·25	45·85	45·25	51·90	51·50	50·90

	Rate from 3.12.79 Area 1	Rate from 3.12.79 Area 2	Rate from 2.6.80 Area 1	Rate from 2.6.80 Area 2
Bread & flour, Scotland				
Managers	51·40–53·00	51·15–52·80	54·40–56·00	54·15–55·00
Others	48·50	47·95	51·50	50·95
Transport workers (under 1 ton)	52·70	52·00	55·70	55·00
Van salesworkers	53·25	52·55	56·25	55·55
Retail food, Scotland				
Managers	51·70–60·40		54·70–63·40	
Clerks, grade I and II and transport workers	48·50	47·50	51·50	50·50
Retail newsagency, Scotland				
Managers	46·55–47·40	46·00–46·80	52·80–53·65	52·25–53·05
Clerks, grade I	45·55	45·25	51·80	51·50
grade II	45·25	44·95	51·50	51·20
Transport workers (under 1 ton)	45·25	44·80	51·30	51·05

shift allowance are £53·70 plus £6·71, £54·20 plus £6·77 and £54·60 plus £6·85.

Disputes

Steel industry

The British Steel Corporation made an improved pay offer on 6 February which was based on a money-for-jobs formula and was rejected by five unions with a total of 140,000 members. The offer was made five weeks after the strike began and proposed:

- A rise of 10 per cent, backdated to 1.1.80, to be in return for certain "concessions" from the unions. These included an acceptance of "streamlining of manning", which is expected to mean the end of steel making at Consett and Hallside, with severe cutbacks at Port Talbot, Llanwern, Scunthorpe and elsewhere.
- A four per cent performance bonus to be introduced from the end of March, based on locally agreed targets. Payments were to be three months in arrears of the achievement of the performance levels. Any factors external to BSC that may adversely affect its business performance were to be disregarded when assessing the achievement of performance targets.
- Additional money was to be available in local deals if the workforce was prepared to sell more jobs. BSC's current plans envisage 55,000 redundancies and a 12 per cent reduction in output.
- A reduction in the working week from 40 to 39 hours from January 1982 was proposed.

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	Retail price index (Jan 74 = 100)	% change on year ago	Average earnings* (Jan 76 = 100)	% change on year ago	Real take home pay** (Jan 74 = 100)	Unemployment*** 000s	% male unemployment	% female unemployment	Industrial production all industries (1975 = 100)
1978									
October	201·1	+ *7·8*	135·2	+ *14·7*	*103*	1,430	6·9	4·6	109·3
November	202·5	+ *8·1*	136·1	+ *13·3*	*105*	1,392	6·7	4·4	110·1
December	204·2	+ *8·4*	138·0	+ *13·3*	*105*	1,364	6·7	4·2	111·8
1979									
January	207·2	+ *9·3*	135·7	+ *11·7*	*103*	1,455	7·2	4·4	103·8
February	208·9	+ *9·6*	141·1	+ *15·0*	*105*	1,452	7·2	4·4	111·8
March	210·6	+ *9·8*	143·7	+ *14·9*	*105*	1,402	7·0	4·2	113·1
April	214·2	+ *10·1*	144·3	+ *13·5*	*109***	1,341	6·7	4·0	113·7
May	215·9	+ *10·3*	146·9	+ *13·5*	*110***	1,300	6·4	3·9	114·9
June	219·6	+ *11·4*	150·9	+ *13·4*	*110***	1,345	6·5	4·2	117·2
July	229·1	+ *15·6*	155·6	+ *16·5*	*108*	1,464	6·8	4·9	116·4
August	230·9	+ *15·8*	153·3	+ *16·4*	*106*	1,455	6·8	4·9	112·0
September	233·2	+ *16·5*	153·6	+ *14·4*	*105*	1,395	6·5	4·7	111·3
October	235·6	+ *17·2*	158·1	+ *17·0*	*107*	1,368	6·4	4·5	112·2
November	237·7	+ *17·4*	162·1	+ *19·1*	*108*	1,355	6·5	4·3	114·0
December	239·4	+ *17·2*	165·0	+ *19·6*	*109*	1,355	6·5	4·2	111·9
1980									
January	245·3	+ *18·4*				1,471	7·1	7·1	
February	248·8	+ *19·1*				1,489	7·2	7·2	

* This covers male and female workers, manual and non-manual, weekly and monthly paid, and includes overtime payments etc.
** Average male earnings after tax at constant prices (includes budget changes backdated to April).
*** Including Northern Ireland. Temporarily stopped and students are not included in the figures.

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